

Program A: Administrative

Program Authorization: R.S. 40:1299.44

PROGRAM DESCRIPTION

The mission of the Administrative Program of the Patients' Compensation Fund Oversight Board is to administer, manage, operate and defend the Patient's Compensation Fund (PCF) in a manner that will timely and efficiently meet the needs and interests of those groups for whom the PCF was created to serve Louisiana health care providers, legitimate victims of medical malpractice and the citizens of the State of Louisiana.

The goal of the Administrative program of the Patient's Compensation Fund Oversight Board is to ensure the longevity of the Patient Compensation Fund by maintaining its financial stability. Ideally, such financial stability would balance the need for sufficient funds to adequately compensate victims of malpractice with surcharge rates that are kept at levels that are not excessive for healthcare providers.

The Administrative Program of the Patient's Compensation Fund Oversight Board consists of five activities: Rate Filing and Classification, Enrollment of Providers/Collection of Surcharge Premiums, Medical Review Panel, Claims, and Administration/Accounting.

Rate Filing and Classification. Healthcare providers are classified based upon the malpractice risk associated with the particular specialty. The classifications are rated accordingly. In conjunction with a consulting actuary, the Board annually evaluates the adequacy of surcharge rates and, when necessary, files for indicated rate increases with the Louisiana Insurance Rating Commission.

Enrollment of Providers/Collections of Surcharge Premiums. The Board is responsible for ensuring that the effective date of a healthcare provider's enrollment with the PCF coincides with payment of the applicable surcharge. Once it is determined that the healthcare provider qualifies and has paid the correct surcharge the Board prepares a 'Certificate of Enrollment' to be kept on file. The PCF now has more than 12,000 health care providers who annually enroll in the Fund. The Board employees must review all documentation to verify the correct surcharge has been submitted within prescribed time frames and post the information to the database. Thousands of surcharge adjustments are made throughout the year for employees of providers who are added or deleted, and for refunds when providers retire or decide to leave the Fund.

Medical Review Panel. Qualified healthcare providers are entitled to have a patient's complaint considered by a Medical Review Panel prior to the commencement of civil litigation. The Board must monitor all progress of the Medical Review Panel process and the ultimate disposition of each case. The Board has the responsibility of advising the patient if the named healthcare providers are indeed qualified. The Board must also advise all named healthcare providers that a complaint has been filed and whether or not the provider is enrolled in the PCF. The Board must further monitor the progress of the Medical Review Panel process and the ultimate disposition of each case. The Board is also responsible for maintaining all relevant data and statistics pertaining to the status and disposition of all aspects of the Medical Review process.

Claims. The Board is responsible for monitoring all claims filed with the PCF from the time the initial complaint is filed until the claim is abandoned, dismissed, settled or proceeds through the courts for final judgement. The day-to-day claims functions are contractually delegated to the Office of Risk Management. Throughout the claims process a case will be periodically reviewed and re-evaluated to determine whether the potential damages will impact the PCF's layer of coverage. The PCF must determine and set appropriate case reserves to cover the potential exposure for damages and expenses so as to properly represent the potential liability of the PCF. The Board is also responsible for securing the services of legal counsel to advise and represent the Board and the PCF in proceedings relative to various aspects of the Medical Malpractice Act. The responsibility of assigning defense counsel to represent the PCF on individual claims is, by statute, conferred upon the Office of Risk Management.

Administration/Accounting. All information and data collected by or reported to the PCF related to the administration, management, operation and defense of the PCF, shall be recorded and maintained by the Board. The Board shall be responsible for maintaining accounts and records for the PCF as may be necessary and appropriate to accurately reflect the financial condition of the PCF on a continuing basis. Most importantly, actuarial data must be gathered and reported to the statutorily mandated annual actuarial study. Annual budget and appropriation requests must be prepared and should accurately reflect all surcharges projected to be collected by the PCF during the fiscal year, together with projected expenses for the administration, management operation and defense of the PCF and satisfaction of its liabilities and obligation.

OBJECTIVES AND PERFORMANCE INDICATORS

Unless otherwise indicated, all objectives are to be accomplished during or by the end of FY 2001-2002. Performance indicators are made up of two parts: name and value. The indicator name describes what is being measured. The indicator value is the numeric value or level achieved within a given measurement period. For budgeting purposes, performance indicator values are shown for the prior fiscal year, the current fiscal year, and alternative funding scenarios (continuation budget level and Executive Budget recommendation level) for the ensuing fiscal year (the fiscal year of the budget document).

1. (KEY) To maintain an actuarially sound Patients' Compensation Fund by timely and correctly processing enrollment documentation and surcharge payments to achieve a goal of maintaining a fund balance equal to 50% of case reserves (\$125,000,000).

Strategic Link: This operational objective relates to the program's Strategic Objective 1: *To maintain a Patients' Compensation Fund surplus equal to at least 75% of case reserves June 30, 2001.*

Louisiana: Vision 2020 Link: Not applicable

Children's Cabinet Link: Not applicable

Other Link(s): Not applicable

L E V E L	PERFORMANCE INDICATOR NAME	PERFORMANCE INDICATOR VALUES					
		YEAREND PERFORMANCE STANDARD FY 1999-2000	ACTUAL YEAREND PERFORMANCE FY 1999-2000	ACT 11 PERFORMANCE STANDARD FY 2000-2001	EXISTING PERFORMANCE STANDARD FY 2000-2001	AT CONTINUATION BUDGET LEVEL FY 2001-2002	AT RECOMMENDED BUDGET LEVEL FY 2001-2002
K	Number of enrolled providers	14,000	22,697	12,550	12,550	12,550	12,550
K	Amount of collected surcharges (in millions)	\$75	\$80.7	\$70	\$70	\$80	\$80
K	Fund balance (in millions)	Not applicable ¹	\$85	\$125	\$125	\$125	\$125
S	Amount of case reserves (in millions)	Not applicable ¹	\$250	\$250	\$250	\$250	\$250

¹ This was a new performance indicator for FY 2000-2001. It did not appear in Act 10 of 1999 and does not have a FY 1999-2000 performance standard.

2. (KEY) To closely monitor all Medical Review Panel proceedings so that panels are formed promptly and decisions are rendered within the required two years of the date the complaint was filed.

Strategic Link: This operational objective is related to the program's Strategic Objective II: *To have Medical Review Panel opinions rendered or dismissals obtained, in 95% of filed cases, within 2 years of the date the complaint was filed.*

Louisiana: Vision 2020 Link: Not applicable

Children's Cabinet Link: Not applicable

Other Link(s): Not applicable

L E V E L		PERFORMANCE INDICATOR VALUES					
		YEAREND	ACTUAL	ACT 11	EXISTING	AT	AT
		PERFORMANCE	YEAREND	PERFORMANCE	PERFORMANCE	CONTINUATION	RECOMMENDED
		STANDARD	PERFORMANCE	STANDARD	STANDARD	BUDGET LEVEL	BUDGET LEVEL
	PERFORMANCE INDICATOR NAME	FY 1999-2000	FY 1999-2000	FY 2000-2001	FY 2000-2001	FY 2001-2002	FY 2001-2002
K	Number of Medical Review Panels closed and opinions rendered	2,500	1,813	1,800	1,800	1,800	2,100
K	Number of requests for a Medical Review Panel	2,000	2,351	1,800	1,800	1,800	2,100

3. (KEY) To properly and thoroughly investigate claims to evaluate the issues of liability and damages.

Strategic Link: This operational objective is not linked to the agency's current strategic plan. The Patients' Compensation Fund Oversight Board will complete revisions to its strategic plan in the beginning of FY 2001-2002.

Louisiana: Vision 2020 Link: Not applicable

Children's Cabinet Link: Not applicable

Other Link(s): Not applicable

L E V E L	PERFORMANCE INDICATOR NAME	PERFORMANCE INDICATOR VALUES					
		YEAREND PERFORMANCE STANDARD FY 1999-2000	ACTUAL YEAREND PERFORMANCE FY 1999-2000	ACT 11 PERFORMANCE STANDARD FY 2000-2001	EXISTING PERFORMANCE STANDARD FY 2000-2001	AT CONTINUATION BUDGET LEVEL FY 2001-2002	AT RECOMMENDED BUDGET LEVEL FY 2001-2002
K	Number of claims evaluated	Not applicable ¹	1,000	1,000	1,000	2,100	2,100
K	Amount of claims paid (in millions)	Not applicable ¹	\$75	\$75	\$75	\$75	\$75
S	Average caseload per claims examiner (evaluator)	Not applicable ¹	1,200	1,000	1,000	1,000	1,000
S	Average caseload per claims adjuster	Not applicable ¹	155	150	150	150	150

¹ This was a new performance indicator for FY 2000-2001. It did not appear in Act 10 of 1999 and does not have a FY 1999-2000 performance standard.

² Claims examiners are the first-line claims evaluators who review claims and determine if possible loss exists.

³ Claims adjusters determine the facts of the cases and work on dispositions (settlements, claim denials, etc).

RESOURCE ALLOCATION FOR THE PROGRAM

	ACTUAL 1999- 2000	ACT 11 2000 - 2001	EXISTING 2000 - 2001	CONTINUATION 2001 - 2002	RECOMMENDED 2001 - 2002	RECOMMENDED OVER/(UNDER) EXISTING
MEANS OF FINANCING:						
STATE GENERAL FUND (Direct)	\$0	\$0	\$0	\$0	\$0	\$0
STATE GENERAL FUND BY:						
Interagency Transfers	0	0	0	0	0	0
Fees & Self-gen. Revenues	0	0	0	0	0	0
Statutory Dedications	1,326,497	1,476,257	1,476,257	1,523,402	1,629,769	153,512
Interim Emergency Board	0	0	0	0	0	0
FEDERAL FUNDS	0	0	0	0	0	0
TOTAL MEANS OF FINANCING	<u>\$1,326,497</u>	<u>\$1,476,257</u>	<u>\$1,476,257</u>	<u>\$1,523,402</u>	<u>\$1,629,769</u>	<u>\$153,512</u>
EXPENDITURES & REQUEST:						
Salaries	\$701,737	\$773,110	\$773,110	\$798,038	\$893,417	\$120,307
Other Compensation	78,046	30,000	30,000	30,000	30,000	0
Related Benefits	135,792	159,815	159,815	164,800	184,661	24,846
Total Operating Expenses	201,454	197,329	197,329	224,781	209,600	12,271
Professional Services	136,559	231,582	231,582	236,214	231,582	0
Total Other Charges	30,132	36,634	36,634	37,569	48,509	11,875
Total Acq. & Major Repairs	42,777	47,787	47,787	32,000	32,000	(15,787)
TOTAL EXPENDITURES AND REQUEST	<u>\$1,326,497</u>	<u>\$1,476,257</u>	<u>\$1,476,257</u>	<u>\$1,523,402</u>	<u>\$1,629,769</u>	<u>\$153,512</u>
AUTHORIZED FULL-TIME EQUIVALENTS: Classified	28	25	25	25	28	3
Unclassified	1	1	1	1	1	0
TOTAL	<u>29</u>	<u>26</u>	<u>26</u>	<u>26</u>	<u>29</u>	<u>3</u>

SOURCE OF FUNDING

This program is funded with Statutory Dedications from the Patient's Compensation Fund. This revenue is derived from surcharges paid by private health care providers enrolled in this program. (Per R.S. 39:32B. (8), see table below for a listing of expenditures out of each Statutory Dedicated Fund.)

	ACTUAL 1999 - 2000	ACT 11 2000 - 2001	EXISTING 2000 - 2001	CONTINUATION 2001 - 2002	RECOMMENDED 2001 - 2002	RECOMMENDED OVER/(UNDER) EXISTING
Patient's Compensation Fund	\$1,326,497	\$1,476,257	\$1,476,257	\$1,523,402	\$1,629,769	\$153,512

ANALYSIS OF RECOMMENDATION

GENERAL FUND	TOTAL	T.O.	DESCRIPTION
\$0	\$1,476,257	26	ACT 11 FISCAL YEAR 2000-2001
			BA-7 TRANSACTIONS:
\$0	\$0	0	None
\$0	\$1,476,257	26	EXISTING OPERATING BUDGET – December 15, 2000
\$0	\$10,452	0	Annualization of FY 2000-2001 Classified State Employees Merit Increase
\$0	\$19,461	0	Classified State Employees Merit Increases for FY 2001 -2002
\$0	(\$1,473)	0	Risk Management Adjustment
\$0	\$32,000	0	Acquisitions & Major Repairs
\$0	(\$47,787)	0	Non-Recurring Acquisitions & Major Repairs
\$0	\$12,144	0	Maintenance of State-Owned Buildings
\$0	\$212	0	UPS Fees
\$0	(\$21,296)	0	Attrition Adjustment
\$0	(\$487)	0	Civil Service Fees
\$0	\$13,750	0	Other Adjustments - Increase in the number of certified mailings due to R.S. 40:1299.47, and an increase in costs for next year.
\$0	\$136,536	3	Other Adjustments - Annualization of claims positions restored in FY01.
\$0	\$1,629,769	29	GRAND TOTAL RECOMMENDED

The total means of financing for this program is recommended at 110.3% of the existing operating budget. It represents 88.4% of the total request (\$1,842,062) for this program. The significant changes between total recommended and existing operating budget is due to the annualization three claims positions restored in FY 2000-2001.

PROFESSIONAL SERVICES

\$49,900 Actuarial study to correctly generate a rate filing
\$181,682 Legal Services for services rendered on non-claims related legal matters

\$231,582 TOTAL PROFESSIONAL SERVICES

OTHER CHARGES

\$486 Network Services

\$486 SUB-TOTAL OTHER CHARGES

Interagency Transfers:

\$250 Division of Administration for the Comprehensive Public Training Program
\$1,054 Division of Administration for the Uniform Payroll System fees
\$3,000 Civil Service fees
\$4,308 Secretary of State for microfilming of permanent records
\$39,411 Maintenance of state-owned buildings

\$48,023 SUB-TOTAL INTERAGENCY TRANSFERS

\$48,509 TOTAL OTHER CHARGES

ACQUISITIONS AND MAJOR REPAIRS

\$32,000 Replacement of office and computer equipment

\$32,000 TOTAL ACQUISITIONS AND MAJOR REPAIRS